Scholars Question Whether Welfare Shift Is Reform

Proposal for State Block Grants Viewed as Likely to Cut Spending, but Not Bureaucracy

By Judith Havemann
Washington Post Staff Writer

Like a surprise front-runner in a primary who is suddenly subjected to a barrage of embarrassing questions, the concept of turning over welfare to the states is coming under intense scrutiny from critics on both sides of the political aisle.

In March, House Republicans approved a plan to turn over welfare programs to the 50 states with lump sum payments, or block grants, to pay for them. Such a move would constitute a crucial shift in the philosophy underlying the programs. The major welfare programs now are entitlements—federal guarantees of benefits to every eligible American who applies, no matter what the cost. The House bill wipes out those guarantees, allowing each state to determine who should be eligible for aid and for how long. Funds essentially would be frozen for five years.

Block grants have so much support in the Senate that some aides think they could pass tomorrow. Even President Clinton, while denouncing the House bill, has refused to say flatly that he would veto a bill that would turn over welfare programs to the states as block grants.

But some scholars are questioning whether the block grant proposals before Congress represent reform or buck-passing.

"The welfare reform debate does not seem to be grappling with the issues of radical redesign of welfare policy," said Anna Kondratas, senior fellow at the Hudson Institute, a conservative Washington think tank. "Block-granting everything in sight" is "kicking the problem down to the states to solve."

"Today's block grants are an instrument of budget-cutting," said George E. Peterson, senior fellow at the Urban Institute, a liberal think tank. Current block grant proposals have a single common goal, Peterson said: "limiting federal budgetary exposure."

House Speaker Newt Gingrich (R-Ga.) has said he favors block grants as a way to unleash "51 state experiments" (counting the District) and to move the design of programs for the poor closer to the people who have to pay for them. The concept of block grants gained momentum as legislators began to appreciate the cost-cutting possibilities of such a move. The Congressional Budget Office has estimated that, under the measure passed by the House, the government would spend $66 billion less on welfare programs over five years than it would spend under current law.

The prospect of saving that much money by overhauling a welfare system that the American public ranks as one of its three top priorities for reform has attracted even greater support for the House measure.

Kondratas, who ran the Community Development Block Grant program at the Department of Housing and Urban Development during the Bush administration, as well as the food stamp and women and infant nutrition programs in the Agriculture Department during two years of the Reagan administration, said that block grants would be difficult, if not impossible, to put into effect by next October, when the House bill would take effect.

"Taking into consideration the immense legislative, regulatory and administrative effort required to turn everything around so dramatically . . . it would be prudent to change one thing at a time," she said.

"If the purpose of consolidation is for simplification," she added, that would be accomplished more easily at the federal level. As a former program administrator, "I can confidently state that block grants will certainly not reduce bureaucracy and regulations."

Kondratas questioned whether Congress is seeking to funnel money to the states now because it considers them more responsible than the federal government or merely because so many state governments are Republican. Thirty states now have Republican governors.

"As a Republican and one of the designers of President Nixon's brand of 'new federalism' 20 years ago, I have never favored block grants for welfare," said Richard P. Nathan, director of the Rockefeller Institute of Government at the State University of New York.

"I believe in relying heavily on the states in many fields of domestic policy," he said. "But I worry that a churlish competition among the states to push out and punish the poor would result from devolving welfare to the states."

Kondratas and Nathan are not alone in their concerns about block grants.

Paul E. Peterson, professor of government at Harvard, wrote in the spring edition of the Brookings Review that "despite the intent of today's congressional Republicans to transfer welfare policy to the states, there is no indication that the states are becoming either more suited for or more capable of such policy."

Peterson wrote that while the percentage of national governmental spending on helping the disabled, unemployed, sick, poor and elderly has more than doubled in approximately the last 20 years, state spending has edged up only slightly in the same period.

Since 1970, Peterson added, "states have been in something of a race to lower welfare benefits for fear that high benefits could attract poor people to the state—thus raising social spending and perhaps triggering an exodus of taxpayers."

"States have demonstrated that they are increasingly incapable of sustaining welfare benefits in an ever more integrated economy," he wrote, and in recent years "state proposals to reform welfare have generally taken the form of reductions in welfare assistance."

Critics of block grants also point to the history of the social services block grant program passed in 1981 under President Ronald Reagan. When several social services programs like child care were combined into a block grant, funding was cut 20 percent the first year.

Today the spending level is $191 million lower than it was 14 years ago.